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The Honorable Scott Walker
Governor of Wisconsin
Room 115 East, State Capitol
Madison, WI 53702

Dear Governor Walker:

I am pleased to submit to you and the state legislature the 2010-2011 Biennial report of the State Treasurer's office, pursuant to section 15.04(1)(d) of the Wisconsin Statutes.

The report contains the following:

- Review and comment on the performance and operation of the agency during the 2009-11 biennium.
- Major program goals and objectives including program changes as outlined in the 2011-13 Executive Budget.
- Comment on agency's success in developing and creating flexible-time work schedules pursuant to s. 230.215(4), Wis. Stats.

If you have any questions regarding this report, please contact Scott Feldt, Deputy State Treasurer, at 608-266-7982 or at scott.feldt@wisconsin.gov.

Sincerely,

Kurt Schuller
State Treasurer

Office of the State Treasurer

2009-11

Biennial Report



Kurt Schuller
State Treasurer

Office of the State Treasurer

Performance and Operations

The State Treasury has three main functions:

Unclaimed Property: The office maintains custody and records for all property received under the uniform unclaimed property act and general escheat laws. Those with unclaimed property submit proper paperwork and examiners work to get their money back to them as quickly as possible.

Wisconsin's "529" College Savings Plan: known as EdVest. The funds are managed by Wells Fargo Funds Management, LLC. You can open an account on behalf of a designated beneficiary and the earnings will grow state and federal tax free until the time the beneficiary is ready to continue their post-secondary education including two and four-year colleges, technical, vocational, and graduate schools. Wisconsin residents can claim up to a \$3,000 credit on state taxes per account.

The Local Government Investment Pool: This program allows local governments to pool funds with state funds which are then invested by the State of Wisconsin Investment Board. Funds deposited in the pool are available for withdrawal on one day's notice and without penalty on interest earnings. Interest is credited to the local government accounts monthly.

Unclaimed Property

The Wisconsin State Treasurer serves as the administrator of the state unclaimed property program pursuant to Chapter 177 of the Wisconsin state statutes. Generally, unclaimed property consists of such items as bank accounts, insurance proceeds, uncashed dividends, and stocks that have had no activity by the owner for a period of three to five years, depending upon the category of the asset. Holders of unclaimed property are required to submit an annual report to the Office of the State Treasurer on May 1 of every year. Also, the State Treasurer is required to publish a legal notice in the largest circulated newspaper of each county listing the name and last known address of these owners in an attempt to return the property to its rightful owner.

For fiscal years 2009-10, the State Treasurer's office returned more than \$61 million. This outstanding success has been accomplished through extensive outreach efforts by former State treasurer Dawn Sass and current State Treasurer Kurt Schuller. Outreach efforts have included providing lists of unclaimed property owners to county clerks, county treasurers, and county libraries. In addition, display booths have been provided at local libraries, county fairs and the Wisconsin State Fair. A searchable database is available at the State Treasurer's website as well as part of a national database at missingmoney.com.

Below are the monthly totals of claims processed, the total dollar amount and number of shares paid for fiscal years 2009 and 2010.

| CY 2009 | FY 2009 | | | CY 2010 | FY 2010 | | |
|--------------|---------------|-------------------|----------------|---------------|-------------------|------------------|-------------|
| | Cash Claims | Cash Claim Value | Shares Paid | | Cash Claims | Cash Claim Value | Shares Paid |
| JULY | 2,460 | 1,748,593 | 25,013 | 3,233 | 2,537,353 | 23,058 | |
| AUGUST | 2,802 | 1,764,845 | 7,659 | 3,166 | 2,687,208 | 11,423 | |
| SEPTEMBER | 2,274 | 1,719,994 | 2,121 | 3,353 | 2,292,749 | 15,844 | |
| OCTOBER | 4,670 | 2,513,027 | 27,885 | 2,160 | 1,753,288 | 9,248 | |
| NOVEMBER | 2,296 | 1,601,668 | 32,097 | 1,390 | 5,185,680 | 15,070 | |
| DECEMBER | 1,376 | 1,816,169 | 9,284 | 1,590 | 2,776,873 | 7,348 | |
| | | | | CY 2011 | | | |
| JANUARY | 1,417 | 1,507,581 | 16,325 | 1,819 | 3,432,557 | 27,178 | |
| FEBRUARY | 3,381 | 3,173,175 | 14,092 | 1,638 | 3,363,528 | 6,746 | |
| MARCH | 4,848 | 3,236,356 | 41,793 | 2,094 | 3,711,543 | 15,071 | |
| APRIL | 3,192 | 2,683,488 | 27,201 | 2,189 | 2,910,775 | 19,351 | |
| MAY | 2,636 | 2,258,437 | 12,758 | 1,948 | 1,820,882 | 23,996 | |
| JUNE | 2,801 | 2,744,070 | 16,419 | 3,122 | 2,737,845 | 21,731 | |
| Total | 34,153 | 26,767,403 | 232,647 | 27,702 | 35,210,281 | 196,064 | |

The State Treasurer's office requires holders to submit an annual report to the Office of the State Treasurer on May 1 of every year for all unclaimed property and remit those funds and shares of stock to the state treasury. Below is the annual amount of unclaimed assets and stock shares that were reported and remitted to the State Treasurer's office.

| | Amount Reported | Shares Reported | Reports Submitted |
|----------------|------------------------|------------------------|--------------------------|
| FY 2009 | 36,092,406.79 | 1,134,715.768 | 7,181 |
| FY 2010 | 39,163,056.51 | 883,614.767 | 8,259 |
| Total | 75,255,463.30 | 2,018,330.534 | 15,440 |

Local Government Investment Pool (LGIP)

The Local Government Investment Pool (LGIP) provides local governments in the state an opportunity to invest idle cash in the State Investment Fund which is managed by the State of Wisconsin Investment Board (SWIB). Created in 1975, the LGIP permits local governments to make short-term investments

equal to those afforded state government or larger local governments. There are approximately 1300 LGIP participants. The LGIP has provided participants a rate of return on their funds that is comparable to national money market funds during changing and challenging economic times.

Below are the LGIP monthly fund balances for fiscal years 2009-10. Monthly fund balances fluctuates for a variety of reasons as deposit of state aid is received at various times throughout the year and monthly expenses begin to decrease the fund balance.

| | FY 2009 LGIP Fund Balance | FY 2010 LGIP Fund Balance |
|----------------|--|--|
| CY 2009 | | CY 2010 |
| JULY | 3,443,643,130 | 2,767,882,032 |
| AUGUST | 3,693,580,651 | 2,995,416,298 |
| SEPTEMBER | 2,955,772,678 | 2,581,428,889 |
| OCTOBER | 2,652,236,878 | 2,395,606,571 |
| NOVEMBER | 2,425,739,226 | 2,345,380,280 |
| DECEMBER | 2,367,087,605 | 2,426,221,469 |
| CY 2010 | | CY 2011 |
| JANUARY | 2,812,017,704 | 2,996,426,908 |
| FEBRUARY | 3,081,787,017 | 3,165,169,602 |
| MARCH | 3,170,634,792 | 3,081,307,147 |
| APRIL | 3,006,889,906 | 3,032,741,026 |
| MAY | 2,713,963,441 | 2,748,608,475 |
| JUNE | 2,572,837,709 | 2,545,122,999 |

One of the inherent advantages of the LGIP is that local governments can realize comparable returns while being able to access their funds at any time with no penalty. Listed below are the monthly summary of earnings recorded for the LGIP and comparable investments.

| | FY 2009 | | | | | FY 2010 | | | | |
|-------------|-------------------------------------|-------------------------------------|----------------------------------|------------------------------------|---|-------------------------------------|-------------------------------------|----------------------------------|------------------------------------|---|
| | <i>LGIP Net Annual Rate</i> | <i>90 Day Treasury Bill</i> | <i>Repurchase Agreements</i> | <i>iMoneyNet Govt MMFD</i> | <i>iMoneyNet All Taxable MMFD</i> | <i>LGIP Net Annual Rate</i> | <i>90 Day Treasury Bill</i> | <i>Repurchase Agreements</i> | <i>iMoneyNet Govt MMFD</i> | <i>iMoneyNet All Taxable MMFD</i> |
| 2009 | | | | | | 2010 | | | | |
| JULY | 0.34 | 0.18 | 0.01 | 0.04 | 0.10 | 0.22 | 0.16 | 0.01 | 0.04 | 0.06 |
| AUG | 0.33 | 0.17 | 0.01 | 0.03 | 0.07 | 0.22 | 0.16 | 0.01 | 0.03 | 0.05 |
| SEP | 0.27 | 0.12 | 0.01 | 0.03 | 0.06 | 0.23 | 0.15 | 0.01 | 0.02 | 0.04 |
| OCT | 0.27 | 0.07 | 0.01 | 0.02 | 0.05 | 0.22 | 0.13 | 0.01 | 0.02 | 0.04 |
| NOV | 0.22 | 0.05 | 0.01 | 0.02 | 0.04 | 0.22 | 0.14 | 0.01 | 0.01 | 0.03 |
| DEC | 0.21 | 0.05 | 0.01 | 0.02 | 0.05 | 0.19 | 0.14 | 0.01 | 0.03 | 0.05 |
| 2010 | | | | | | 2011 | | | | |
| JAN | 0.20 | 0.06 | 0.01 | 0.01 | 0.03 | 0.19 | 0.15 | 0.01 | 0.01 | 0.03 |
| FEB | 0.18 | 0.11 | 0.01 | 0.01 | 0.03 | 0.17 | 0.13 | 0.01 | 0.01 | 0.03 |
| MAR | 0.21 | 0.15 | 0.01 | 0.01 | 0.02 | 0.17 | 0.10 | 0.01 | 0.01 | 0.03 |
| APR | 0.21 | 0.16 | 0.01 | 0.01 | 0.03 | 0.15 | 0.06 | 0.01 | 0.01 | 0.02 |
| MAY | 0.22 | 0.16 | 0.01 | 0.01 | 0.03 | 0.13 | 0.04 | 0.01 | 0.01 | 0.02 |
| JUNE | 0.22 | 0.12 | 0.01 | 0.02 | 0.04 | 0.11 | 0.04 | 0.01 | 0.01 | 0.02 |

EdVest – Wisconsin’s College Savings Program

EdVest is the state-sponsored college savings program created to help families save for future higher education expenses. It offers state and federal tax benefits, broad eligibility, and flexibility to program participants. *EdVest* is administered by the State of Wisconsin and is managed by Wells Fargo Funds Management, LLC.

EdVest continues to grow in accounts and total assets under management as demonstrated below.

| Wisconsin 529 College Savings Program | Total Participant Accounts | Assets Under Management (AUM) |
|--|-----------------------------------|--------------------------------------|
| End of Month: | | |
| June 2009 | 245,266 | \$1,887,539,090 |
| July 2009 | 245,302 | \$1,992,247,770 |
| August 2009 | 245,308 | \$2,034,064,574 |
| September 2009 | 245,365 | \$2,098,172,947 |
| October 2009 | 246,328 | \$2,076,116,240 |
| November 2009 | 247,430 | \$2,163,124,904 |
| December 2009 | 250,572 | \$2,224,831,634 |
| January 2010 | 251,656 | \$2,193,125,389 |
| February 2010 | 252,331 | \$2,244,660,638 |
| March 2010 | 253,395 | \$2,347,130,442 |
| April 2010 | 263,158 | \$2,821,416,922 |
| May 2010 | 255,413 | \$2,281,553,767 |
| June 2010 | 255,967 | \$2,222,370,094 |
| July 2010 | 255,957 | \$2,322,981,766 |
| August 2010 | 255,450 | \$2,248,166,494 |
| September 2010 | 255,276 | \$2,384,261,784 |
| October 2010 | 255,892 | \$2,449,286,696 |
| November 2010 | 256,888 | \$2,462,981,052 |
| December 2010 | 260,563 | \$2,591,378,763 |
| January 2011 | 260,923 | \$2,634,909,515 |
| February 2011 | 261,476 | \$2,705,590,443 |
| March 2011 | 262,447 | \$2,737,753,129 |
| April 2011 | 263,158 | \$2,821,416,922 |
| May 2011 | 263,607 | \$2,808,046,135 |
| June 2011 | 263,866 | \$2,784,380,555 |

Office of the State Treasurer

Development of Flex-time Schedules

The Office of the State Treasurer is committed to developing work schedules that can address the needs of its employees. The agency currently employs four (4) part-time employees ranging from 0.5 FTE to 0.75 FTE. Because the size of the agency is small (approximately 9.45 FTE) and the need for internal controls, employee work hours are predominantly between the hours of 7:30 a.m. and 4:30 p.m. Monday through Friday.

The Office of the State Treasurer will consider employee requests for modifications of work hours. Final determinations will include financial internal controls, ability to respond to customer inquiries, work production, and staff cohesion.

As the amount of money remitted and the number of claims processed continues to increase each year, the Office of the State Treasurer will be requesting an increase in staff by making the part-time FTEs to full-time FTES.

Agency Program Changes

The 2011-13 Executive Budget included changes that would have a significant impact upon the Office of the State Treasurer. The following modifications would take place if the proposed 2011-13 passes the state legislature as presented:

1. The elimination of a 1.0 FTE unclassified stenographer position.
2. The elimination of 0.75 FTE accountant position.
3. The elimination of 1.0 FTE college savings program finance officer position.
4. The transfer of the Local Government Investment Pool (LGIP) program and 1.0 FTE position to the Department of Administration (DOA) beginning July 1, 2011.
5. The transfer of the College Savings Plan (EdVest) program and 1.0 FTE position to the Department of Administration (DOA) beginning July 1, 2011.

In essence, two out of the three programs the agency administers would be transferred to the Department of Administration. On June 26, 2011 Governor Scott Walker signed the 2011-13 biennial budget (Wisconsin Act 32) including the elimination of 2.75 FTEs and the transfer of the EdVest and LGIP programs (including the transfer of 2.0 FTEs) to the Department of Administration.

Agency Goals

In January 2011, Kurt Schuller was sworn in as the new Wisconsin State Treasurer. One of the new administration goals was to expand outreach efforts to increase the amount of unclaimed property returned to rightful owners. The following outreach initiatives were begun:

Creation of a State Treasurer Facebook page, Twitter and You Tube account
Creation of an agency blog
Creation of a monthly newsletter (Treasury Notes)

Other goals were set for the 2011 calendar year:

\$33 million of unclaimed property returned
\$200,000 in EBay proceeds generated from monthly online auctions
All goals were achieved.